

## **MINUTES**

### **MONTANA HOUSE OF REPRESENTATIVES 58th LEGISLATURE - REGULAR SESSION**

#### **JOINT APPROPRIATIONS SUBCOMMITTEE ON EDUCATION**

**Call to Order:** By **CHAIRMAN DONALD L. HEDGES**, on February 10, 2003 at 8:08 A.M., in Room 102 Capitol.

#### **ROLL CALL**

**Members Present:**

Rep. Donald L. Hedges, Chairman (R)  
Sen. Royal Johnson, Vice Chairman (R)  
Rep. Rosalie (Rosie) Buzzas (D)  
Sen. John Esp (R)  
Rep. Eve Franklin (D)  
Rep. Dave Lewis (R)  
Sen. Bea McCarthy (D)

**Members Excused:** None.

**Members Absent:** None.

**Staff Present:** Mark Bruno, OBPP  
Pam Joehler, Legislative Branch  
Diana Williams, Committee Secretary

**Please Note:** These are summary minutes. Testimony and discussion are paraphrased and condensed. Tape counter notations refer to the material immediately preceding.

**Committee Business Summary:**

Hearing & Date Posted: None

Executive Action: Agricultural Experiment Station;  
Extension Service; Fire Service  
Training School;  
Reconsideration of actions on  
Bureau of Mines and Forestry &  
Conservation Experiment Station  
that happened on February 6, 2003.  
Tribal Colleges (OCHE) was also  
addressed; Montana University  
System, Education Units.

Prior to the meeting a document was handed out that shows the current vacancies in Extension County Agent's Positions. This was requested at the Extension Services's Public Hearing that occurred on February 7, 2003.

**EXHIBIT(jeh29a01)**

The Research and Public Service Agencies will be the first order for Executive Action. They are part of Exhibit 2. AES stands for Agricultural Experiment Station. FSTS stands for Fire Service Training School. There was additional action for the FCES which stands for Forestry & Conservation Experiment Station.

**EXHIBIT(jeh29a02)**

**EXECUTIVE ACTION ON AGRICULTURAL EXPERIMENT STATION**  
**(AES)**

**Motion:** SEN. JOHNSON moved that **THE FISCAL 2004 EXECUTIVE BUDGET FOR \$9,980,299 AND THE SAME AMOUNT FOR FISCAL 2005 DO PASS.**

**REP. FRANKLIN** wanted to make a substitute motion that included the Fiscal 2002 Actual Base of \$10,102,324 as well as some additional money. Through discussion it was learned that the additional monies would be \$793,396 (which are the expenditures reduced by FY2003 Special Session and are part of Exhibit 3) as well as \$200,000 for the Ag BioBased Position.

**EXHIBIT(jeh29a03)**

**Pam Joehler, Legislative Fiscal Division,** stated that the Ag BioBased Position is also included in the Governor's Budget. She made note that the difference between the proposed Governor's Budget that is on Exhibit 2 (\$9,980,299) and Exhibit 3 (\$10,180,299) is \$200,000. This occurred due to the line-item appropriation of the Ag BioBased Position that is on Exhibit 2.

**Substitute Motion:** **REP. FRANKLIN** made a substitute motion to **ADOPT THE FISCAL 2002 BASE OF \$10,102,324 PLUS THE \$200,000 EACH YEAR FOR THE AG BIOBASE PROGRAM PLUS AN ADDITIONAL \$793,396 AS NOTED ON THE AGENCY WORKSHEET FOR A TOTAL OF \$11,095,720 EACH YEAR.** (The agency worksheet is Exhibit 3.)

***{Tape: 1; Side: A; Approx. Time Counter: 0 - 11.1}***

**Discussion:**

**REP. FRANKLIN** said that she is concerned because this agency needs to have a budget that would allow them to keep up with what is happening in the industry.

**REP. BUZZAS** said that through the public testimony it was learned that this Station is an invaluable tool for the agriculture in this State. Through research, the Station has provided more economic ways of grazing and growing crops. By allowing this budget to occur at this level, the research would be kept alive as well as providing greater potential of bringing the agriculture in this State back to where it used to be. She also said that by voting yes on this motion, the Committee would be setting priorities on how the economic development monies in this State could be spent.

**SEN. ESP** said that he would have to reluctantly vote no on this motion because it exceeds the Governor's Budget. He further said that he thought there was \$29 million in the Human Services programs that are not in the Governor's Budget, and some of these programs he would like reinstated. He also said that it is his job to prioritize. Funding this agency to the \$11 million level would be a good priority within this small part of the picture, but within the larger picture of things he said he would have to vote no on this motion.

***{Tape: 1; Side: A; Approx. Time Counter: 11.1 - 13.7}***

**Vote:** Substitute Motion failed 3-4 with REPS. BUZZAS, FRANKLIN, and SEN. MCCARTHY voting aye by roll call vote, motion No. 1.

***{Tape: 1; Side: A; Approx. Time Counter: 13.7 - 14.9}***

**CHAIRMAN HEDGES** said that the Committee is back to the original motion to fund \$9,980,299 in each year of the 2005 Biennium.

**Discussion:**

**SEN. JOHNSON** said that the money to fund this agency at the Governor's Budget still hasn't materialized. He is hoping that if SEN. BOHLINGER'S bill is passed, there would be excess K-12 funding. That excess could be used to fund the Ag Experiment Station. Besides funding K-12, SEN. BOHLINGER'S bill would also add a lot of money back into the University System. He ended by saying "I hope you can support this motion."

***{Tape: 1; Side: A; Approx. Time Counter: 14.9 - 16.2}***

**Vote:** Motion carried 5-2 with REP. BUZZAS and SEN. MCCARTHY voting no by roll call vote, motion No. 2.

**Motion:** REP. BUZZAS moved \$200,000 PER YEAR FOR THE AG BIOBASE PROGRAM DO PASS. (This was a line-item in the Executive Budget)

**{Tape: 1; Side: A; Approx. Time Counter: 16.4 - 17.4}**

**Discussion:**

In addition to this motion, currently in HB 2 language, there is a private fund match of \$140,000 that is needed. The Committee asked for clarification over this aspect of the fund match.

**Rod Sundsted, Chief Fiscal Officer for the Montana University System,** said that for 2003, the match can only come from private, nonpublic funds. For future funding, he requested that the Committee consider having the funding match as nonstate funds. He said that currently there is a federal grant for this coming year [2004] that would work for the fund match.

**SEN. ESP** wanted an explanation on why there was a lack of the private fund match.

**Dr. Geoff Gamble, President of Montana State University,** said that there was a misunderstanding of what was in HB 2 language last session. The University thought the intent was to have the nonstate fund match in the language. Believing that the nonstate fund language was in the bill, a \$1 million federal grant was secured. In reality HB 2 stated that only private, nonpublic funds could be used to match the general fund appropriation, so the federal grant money could not be used.

**Dr. Gamble** stated that the first year of this program was funded through private funds because the federal dollars weren't available. He reassured the Committee that the private fund match that is needed for this year's funding would occur. He ended by saying that this program is moving agriculture into a new arena. It is part of the future for agriculture and a very important piece of where Montana State University is going with agricultural research.

**Revised Motion/Vote:** REP. BUZZAS moved to ADD BACK \$200,000 PER YEAR FOR AES BIOBASED WITH THE REQUIREMENT OF \$140,000 NONSTATE MATCH. Motion carried 4-3 with SENS. ESP, JOHNSON, and REP. LEWIS voting no by roll call vote.

**{Tape: 1; Side: A; Approx. Time Counter: 16.2 - 23.8}**

**EXECUTIVE ACTION ON EXTENSION SERVICES**

**Motion:** SEN. JOHNSON moved to **ADOPT THE FISCAL 2004 GOVERNOR'S BUDGET OF \$4,238,100 & THE SAME IN FISCAL 2005.** [The Committee took no action on this motion.]

**Discussion:**

**REP. FRANKLIN** brought up the proposed \$85,000 that would be needed to fill 3.5 FTE County Extension Agents' positions in the various Counties that are noted in Exhibit 1.

**Substitute Motion:** **REP. FRANKLIN** made a substitute motion to **SET THE GOVERNOR'S BUDGET FOR 2004 PLUS THE ADDITIONAL \$85,000 IN EACH YEAR OF THE BIENNIUM TO FUND THE JUDITH BASIN AG EXTENSION POSITION, THE ROSEBUD-TREASURE AG, THE LEWIS & CLARK 4-H AND THE HALF TIME PONDERA POSITION.**

**Discussion:**

**SEN. ESP** said that there has been discussion about combining a Judith Basin/Wheatland County Extension Agent. He further said that Wheatland County has approved funding for an extension agent. He felt that was a reasonable way of gaining an extension agent.

**SEN. MCCARTHY** thought that combining this position would be good. She said that there is a discrepancy in the salaries though. An additional \$2,000 would have to be funded through the State for the Wheatland County Extension Agent.

**Dr. Leroy Luft, Vice Provost and Director of Extension (Interim),** explained how the County Extension Agent's salary is calculated. He said that a formula has been adopted and moved forward by MACO. The county pays a salary amount towards the county agent's salary that is equivalent to 65 percent of the Clerk and Recorder's salary in that county. For the specific requests in each of the counties, refer to Exhibit 1. The amount for Wheatland County is \$29,000. If these positions are State funded then the county would fund the remainder of their salaries.

**REP. BUZZAS** wanted to know if this agency has thought about combining the two positions. **Dr. Luft** said that they haven't thought about doing that. He further said it would take time to implement since Judith Basin currently doesn't have an agent. He did say that there are four situations where two counties are supported by one agent.

**REP. LEWIS** said that he would support a substitute motion to increase the funding by \$15,000. This would make the various County Extension Agents' salaries total \$100,000. He said by adding \$15,000 this would be at least one-half of the cost of the Wheatland County Agent's salary. He said, "This is a zero-sum game. The \$100,000 will have to be taken off someplace else." He ended by saying that funding these salaries would be a good investment for Montana.

**REP. FRANKLIN** withdrew her substitute motion.

*{Tape: 1; Side: A; Approx. Time Counter: 23.8 - 30}*

*{Tape: 1; Side: B; Approx. Time Counter: 0 - 3.6}*

**Motion/Vote:** **REP. FRANKLIN** moved the **GOVERNOR'S 02 BUDGET PLUS \$100,000 EACH YEAR OF THE BIENNIUM TO FUND THOSE 4 POSITIONS, JUDITH BASIN, ROSEBUD-TREASURE, LEWIS & CLARK, PONDERA & \$15,000 FOR THE WHEATLAND COUNTY EXTENSION POSITION. Motion carried 6-1 with SEN. JOHNSON voting no by roll call vote.**

**Dr. Luft** said that the other item in the Governor's Budget is the \$90,000 per year for a technology position. It is a marketing position and is called the Beef Transfer Position. It has been in the last two bienniums as one-time-only funding. He further said that he would like the Committee to consider making this position be part of the base.

**CHAIRMAN HEDGES** said that the Committee will go down the line in the worksheet and that this position is after the Fire Services Training School.

*{Tape: 1; Side: B; Approx. Time Counter: 3.6 - 6.4}*

**EXECUTIVE ACTION ON FIRE SERVICES TRAINING SCHOOL**  
**(FSTS)**

The Governor's Budget for this agency is \$505,409 per year. The Fiscal 2002 Actual Base is \$507,637.

**Motion:** **SEN. ESP** moved to **APPROVE THE GOVERNOR'S BUDGET OF \$505,409 PER YEAR FOR THE BIENNIUM.**

**Discussion:**

**SEN. JOHNSON** wanted to know the amount of money that this agency wanted that was above the Governor's Budget.

REP. FRANKLIN said that the agency is asking for \$507,637; she got those figures from the agencies handout provided to the Committee on February 7, 2003. A copy of page 1 of the handout is Exhibit 4.

**EXHIBIT(jeh29a04)**

**Substitute Motion/Vote:** SEN. JOHNSON made a substitute motion to **FUND THE FIRE SERVICE TRAINING SCHOOL TO THE 02 BASE** (\$507,637 per year, which adds about \$2,000 to the original motion). **Substitute motion carried with SEN. ESP voting no by roll call vote.**

***{Tape: 1; Side: B; Approx. Time Counter: 6.5 - 11.1}***

**EXECUTIVE ACTION ON EXTENSION SERVICES - Part 2**

The Committee discussed whether the Beef Transfer Position should be a one-time-only appropriation or if it should become part of the base for the Extension Service.

***{Tape: 1; Side: B; Approx. Time Counter: 11.1 - 14.4}***

**Motion/Vote:** SEN. MCCARTHY moved to **APPROVE \$90,000 EACH YEAR FOR THE BEEF TRANSFER POSITION. Motion carried 7-0 by roll call vote.** (This will put the funding as a separate line-item for this biennium but after that, become part of the Extension Service's base.)

To close, REP. LEWIS said that the funding level for the agencies that are classified as Research/Public Services, is at about \$35 million. That is about \$4 million over the 2000 base of \$30,992,646 for these agencies.

***{Tape: 1; Side: B; Approx. Time Counter: 14.5 - 16.5}***

SEN. JOHNSON asked representatives from the following agencies to tell the Committee how much the agency was requesting for funding. He wanted to know the difference between the Governor's Budget and the 2002 base.

Bureau of Mines - \$17,500 for each year - \$34,000 per biennium.

FCES - Forestry Conservation Experiment Station - **George Densson, President of the University of Missoula,** said, "\$7,000."

**EXECUTIVE ACTION ON RECONSIDERATION OF BUDGETS FOR THE BUREAU OF MINES, THE FORESTRY CONSERVATION EXPERIMENT STATION AND OFFICE OF HIGHER EDUCATION - TRIBAL COLLEGE**

**Motion/Vote:** SEN. JOHNSON moved that WE RECONSIDER OUR ACTION ON THE BUREAU OF MINES BUDGET. Motion carried 7-0 by voice vote.

**Motion:** SEN. JOHNSON moved to RAISE THE BUREAU OF MINES BY APPROXIMATELY \$34,000 OVER THE BIENNIUM. (This would bring the budget to the Fiscal 2002 actual base of \$1,570,646 per year for a total of \$3,141,292 for the biennium.)

**Discussion:**

REP. LEWIS wanted to know what the \$34,000 will produce.

SEN. MCCARTHY said that it will reinstate some fellowships. The Billings office would have more people to work on the Coalbed Methane project.

**Vote:** Motion carried 6-1 with SEN. ESP voting no by voice vote.

**Motion/Vote:** SEN. JOHNSON moved that WE RECONSIDER OUR ACTION ON THE FORESTRY & CONSERVATION EXPERIMENT STATION. Motion carried 7-0 by voice vote.

**Motion:** SEN. JOHNSON moved to ADD INTO THE BUDGET ROUGHLY \$7,000 PER YEAR. (This would bring the budget to the Fiscal 2002 actual base of \$919,661 per year or \$1,839,322 for the biennium.)

**Discussion:**

REP. LEWIS wanted to know what the \$14,000 will be used for. President Dennison said that this money is tied to a number of projects and the return will be seven to one.

**Vote:** Motion carried 6-1 with SEN. ESP voting no by voice vote.

*{Tape: 1; Side: B; Approx. Time Counter: 16.6 - 23.2}*

**Motion:** REP. BUZZAS moved to ADD APPROXIMATELY \$551,750 PER YEAR TO THE TRIBAL COLLEGE LINE-ITEM IN THE OCHE PROGRAM. (The funding level for this would bring it up to just over \$600,000 per year.)



**Discussion:**

**REP. BUZZAS** said that this would include more dollars for non-beneficiaries from the tribal colleges and the talk and need is there to fund it. She further stated that there is a bill in progress that is looking at using ESEA monies to fund the Tribal Colleges. She thought the original bill was tabled. With this motion the funding would be part of HB 2. **REP. LEWIS** explained that this tabled bill is waiting on amendments and the ESEA funding was taken by the Public Health and Human Services Subcommittee to pay for child care.

*{Tape: 1; Side: B; Approx. Time Counter: 23.2 - 30}*

**SEN. ESP** made the point that there is still a \$93 million shortfall in finding any of the money even at the Governor's Budget level. To him it seemed premature to take action on these agencies.

*{Tape: 2; Side: A; Approx. Time Counter: 0 - 0.5}*

**Vote:** Motion failed 3-4 with REPS. BUZZAS, FRANKLIN, and SEN. McCARTHY voting aye by roll call vote.

*{Tape: 2; Side: A; Approx. Time Counter: .6 - 1.0}*

**EXECUTIVE ACTION ON EDUCATIONAL UNITS - MONTANA UNIVERSITY SYSTEM**

**CHAIRMAN HEDGES** entertained a motion to add \$3 million to the \$95,071,276 Fiscal 2000 Adjusted Base for the biennium.

The impact of cuts were discussed as well as what this motion would do. It was learned that in the Special Session the entire University System had a cut of \$12 million with \$10.5 million worth of reductions each year in the educational units. It was further stated that this motion would be \$13 million below the Governor's Budget for the biennium or about \$6.7 million each year.

*{Tape: 2; Side: A; Approx. Time Counter: 1.1 - 6.4}*

**Substitute Motion:** **REP. BUZZAS** made a substitute motion to ACCEPT THE EXECUTIVE BUDGET FOR THE UNIVERSITY SYSTEM.

**Discussion:**

**REP. BUZZAS** said that a \$13 million cut is punitive. Her concern is that cutting the education system by this amount would lead to increases in tuition and a greater debt load for the students. This debt may cause the graduating students to have to leave Montana for jobs. She further stated that the University supplies many jobs for the community, which promotes economic development. With cuts like this, the community will suffer. She believes that the entire State benefits from the dollars that are put in Higher Education and the State gets a good return on those dollars invested. She is asking that the Committee at least adopt the Governor's Budget.

***{Tape: 2; Side: A; Approx. Time Counter: 6-5 - 9.3}***

Clarification occurred that made this substitute motion become a motion.

**Motion:** **REP. BUZZAS** moved to **ADOPT THE EXECUTIVE BUDGET FOR THE UNIVERSITY SYSTEM.**

**REP. FRANKLIN** stated that the University System transfers monies to the COT's (College of Technology) as well as the smaller units so they can be intact. If the money isn't there to transfer, then the University System is going to have to make decisions that may severely limit the COT's.

***{Tape: 2; Side: A; Approx. Time Counter: 9.4 - 11.2}***

**Substitute Motion:** **SEN. JOHNSON** made a substitute motion that **WE ADD \$3 MILLION TO THE BIENNIAL BASE AS WAS SUGGESTED.** (This would bring it to \$193,142,552).

**Discussion:**

The impact of tuition increases were addressed. With a one percent increase each year (1 and 1), \$3.8 million per year could be generated. **REP. LEWIS** said that if the Committee assumes that the Regents will pass on the \$13 million shortfall to tuition only, then a three and three percent increase in tuition would occur. He said that it's up to the Regents to address the shortfall.

**SEN. ESP** said that until he sees something that can generate \$93 million in revenue that is either veto-proof or secured through the Coal Trust loan or something of the like, he cannot vote for any big increases in this budget.

**SEN. MCCARTHY** stated that the \$13 million could easily be taken out of the State Fund reserve.

**SEN. JOHNSON** said that this funding could also occur with SEN. BOLLINGER'S bill which he thought was asking for an additional \$17 million to go directly to the University System. He further stated that this Committee sets a budget that the University has to live with. The increase in tuition is set by the Regents. He said, "I don't want to be accused of increasing tuition. I want to be accused of saying this is how much we think we can give them."

**REP. BUZZAS** said that even with the original motion there would be no big increases in the budget. Rather, cuts would occur if any of these motions were passed. The substitute motion would have a \$13 million shortfall from the Executive Budget and a \$20 million shortfall from where they were.

**REP. LEWIS** said he didn't think there was \$193 million to spend. Until revenue is found he said he would have to vote no on this motion.

**REP. FRANKLIN** said that if we don't put money in now we are making no statement about where our priorities are. With the revenue directed bills she said that the need is there to say where the money is going to be directed.

**REP. LEWIS** said that with the HB 74, he thought the amendments would direct the money that is generated to fill the gap between the Subcommittees' action and the Executive Budget in all the various departments. If that was to take place \$16 million more would be directed to Higher Education.

**REP. FRANKLIN** thought this substitute motion was flawed.

*{Tape: 2; Side: A; Approx. Time Counter: 10.9 - 18.1}*

**Vote:** Substitute motion failed 3-4 with SEN. ESP, REP. HEDGES, and SEN. JOHNSON voting aye by roll call vote, motion No. 1.

The committee then addressed the original motion which would adopt the University System at the Executive level.

**Vote:** Motion failed 3-4 with REPS. BUZZAS, FRANKLIN, and SEN. MCCARTHY voting aye by roll call vote, motion No. 2.

*{Tape: 2; Side: A; Approx. Time Counter: 18.1 - 19.7}*

By having both of these motions fail, the University System's Budget is the Legislative Budget (Fiscal 2000 Adjusted Base) of \$95,071,276.

**SEN. McCARTHY** said that she is hoping for a compromise.

**Motion:** **SEN. McCARTHY** moved to **SPLIT THE DIFFERENCE BETWEEN THE FISCAL 2000 ADJUSTED BASE (\$95 million) AND THE FISCAL 2002 ACTUAL BASE (\$105 million) AND TO PUT THE BUDGET AT \$100,288,845 PER YEAR.**

*{Tape: 2; Side: A; Approx. Time Counter: 19.7 - 21.5}*

**Discussion:**

**SEN. McCARTHY** said, "This is a bit over the first motion."

**CHAIRMAN HEDGES** said that this motion would mean that \$1.2 million would be needed to cover the shortfall. He thought one way to get the additional money could be from OPI.

**SEN. McCARTHY** said that this recommendation is going to full committee for their input. She said, "I can't leave it [the educational units] at the 2000 Base".

**REP. LEWIS** wanted to know the difference between the \$206 million Governor's Budget and this motion. **Ms. Joehler** said that it would be about \$6 million.

Discussion then focused on tuition. It was learned that the tuition is presently just under \$3,000 a semester, with a total of \$14,000 a year when all other fees associated with students are factored in. With **SEN. McCARTHY'S** motion this would mean a two percent increase each year (2 and 2).

**Mr. Sundsted** said that in dollars and cents a three percent increase would be \$90 a year for resident (\$180 over biennium) and about \$400 per year for nonresident.

In addition to this \$13 million shortfall, **Mr. Sundsted** wanted to bring to the attention the other reductions that are part of the Governor's Budget. He said that there is \$16 million in unit reductions in present law adjustments (\$10 million) as well as new proposals (approximately \$6 million) in each of the years so there is an additional \$32 million reduction that is not included in the discussion of the \$13 million shortfall. So tuition increases could be between eight and twelve percent.

**Mr. Sundsted** said that the difference between the 2000 Base and the Executive Budget is \$16.6 million. This would be an increase of 4.2 or 4.3 percent increase.

**Mark Bruno, OBPP** explained to the committee that the University of Montana handed out a document that shows how they will address the shortfalls. He said basically it is at six percent for both years if the budget is set at the Executive level and eight percent for both years if the budget is set at the 2000 level.

**EXHIBIT (jeh29a05)**

*{Tape: 2; Side: A; Approx. Time Counter: 21.5 - 30}*

**REP. BUZZAS** said that even by passing this motion there would probably be at least an eight or nine percent increase in tuition and wanted clarification.

**Mr. Sundsted** said that the decision to increase tuition hasn't been set yet by the Board of Regents, but for the University of Montana (U of M) at the 2000 base there would be eight percent each year in tuition increase as well as expenditure reductions. Montana State University (MSU) would have about a 11.75 percent increase each year. With SEN. McCARTHY'S motion there would be about six to ten percent increase.

**Vote:** Motion carried 4-3 with SENS. ESP, JOHNSON, and REP. LEWIS voting no by roll call vote, motion No. 3.

*{Tape: 2; Side: B; Approx. Time Counter: 0 - 2.1}*

**President Dennison** brought up the one-time-only, line-item Yellow Bay appropriation.

**CHAIRMAN HEDGES** said that the Yellow Bay is part of the \$100 million budget.

*{Tape: 2; Side: B; Approx. Time Counter: 2.1 - 3.5}*

**ADJOURNMENT**

Adjournment: 10:00 A.M.

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REP. DONALD L. HEDGES, Chairman

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DIANA WILLIAMS, Secretary

DH/DW

**EXHIBIT** (jeh29aad)